



International Agricultural Trade Report

Dairy Livestock & Poultry Trade Update

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FY 2002 Trade Forecast Lowered as Trade Restrictions Interrupt Poultry Exports

Summary

The FY 2002 export forecast for DLP commodities is lowered to \$12.4 billion, down \$200 million or 2 percent from the February 2002 projection. Decreases in the export value for poultry products and hides and skins are responsible for the downturn.

Red Meat: The FY 2002 beef and veal exports are forecast \$2.5 billion, down 6 percent or \$150 million from the February projection, and down 6 percent or \$146 million from FY 2001. The decline is mainly caused by a fall in prices. However, U.S. beef total export quantity is expected to remain steady year-to-year for North American and Korean markets, with improving exports to East Asia other than Japan. Beef variety meat exports are forecast to increase from the February projection. FY 2002 pork exports are forecast at \$1.4 billion, virtually unchanged from the February projection, and up 4 percent from the previous year. Pork exports to Japan are expected to remain strong as the pork safeguard tariff is removed. The United States is expected to retain its market share for pork in Japan following another outbreak of Foot and Mouth Disease in South Korea (a former exporter to Japan). Pork variety meat exports are forecast unchanged from the February projection.

Poultry: The FY 2002 total poultry product exports are forecast at \$2.4 billion, down about \$160 from the February projection and down 4 percent from FY 2001. The decrease in poultry exports is attributed to the slower sales to Asia and the ongoing import restrictions in Russia, the largest market for U.S. poultry exports. The recent outbreaks of Avian Influenza remain a potential constraint on poultry product exports to key markets. Broiler meat export value is forecast at \$1.6 billion, down 7 percent from FY 2001. Eggs and egg products export values for FY 2002 are forecast to remain unchanged at \$200 million

Export Outlook for DL&P Products

Revised Forecast for FY 2002: ↓ \$200 Million to \$12.4 Billion

Revised FY 2002 Forecast

Key Downside Developments

- Russian poultry import restrictions
- Decline in the higher valued beef cuts to Japan
- Hides and skins value decline, although quantity is still strong

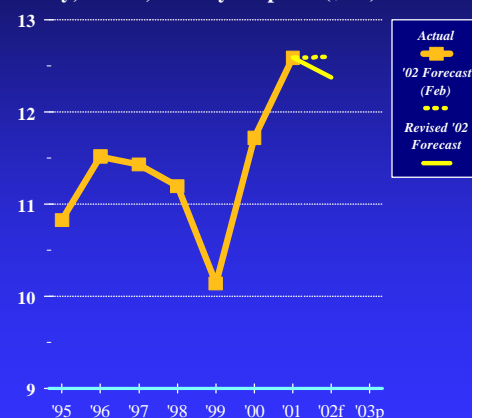
Other Developments

- Pork exports remain firm as Japanese safeguard is lifted
- Increase in tallow sales to Mexico

Wild Cards

- Heightened concerns over FMD, BSE, and avian influenza
- Global economic recovery

Dairy, Livstck, Poultry Exports (\$Bil)



from the February projection and FY 2001 level.

Dairy: For FY 2002, dairy products exports are forecast at \$1.1 billion, down \$40 million from the February projection but still slightly above 2001. The economic slowdown in many major markets is expected to restrain growth in import demand. Demand for cheese and whey products is expected to show some further growth in 2002 as lower domestic prices help these products remain competitive. Exports of nonfat dry milk, mainly under DEIP, are forecast to stay at or near the reduced FY 2001 level.

Hides and Skins: The FY 2002 total hides and skins export value is forecast at \$1.9 billion, down \$180 million or 9 percent from the February forecast and down slightly from the previous year. Prices are projected to retreat from last year's higher level as the global supply has stabilized after fears of shortages caused by BSE and FMD concerns in Europe. Continued demand for whole cattle hides in the key markets of South Korea and China, and increased exports to Taiwan are expected to maintain export volume this year.

Lard, Tallow, and Grease: The FY 2002 export forecast for the lard, tallow, and grease category is forecast at \$420 million, up \$125 million from the February forecast. Increases in edible and inedible tallow exports to Mexico account for most of the increase.

U.S. Exports for FY 2001 and FY 2002 Forecast Value (billion \$)		
Exports	FY 2001	FY 2002 (May)
Total Beef	3.3	3.3
Total Pork	1.5	1.5
Poultry Products	2.5	2.4
Lard, Tallow, Grease	0.3	0.4
Dairy Products	1.1	1.1
Hides & Skins	1.9	1.9
Other	2.0	1.8
Total	12.6	12.4

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